

Informational Briefing on Veterans Tuition Remission Program  
Senate Agriculture and Higher Education Committee  
Senator Kathleen Vinehout, Chair  
November 14, 2007

Paul Gabriel  
Representing Wisconsin Technical College District Boards

Senator Vinehout and Members of the Committee,

Wisconsin technical college district board members support the broadest possible access for military veterans to attend technical colleges. Our veterans are one of our state's greatest human resources. This is true both in terms of veterans' selfless and invaluable service to our nation, and as our neighbors and family members who help drive the state's economy in so many professions and trades. We all benefit when vets have access to technical training that is close to home, tailored to adult learners' goals, and offered to best meet the needs of busy adults. We are proud to help vets and their spouses and family members realize their full potential as educated citizens and top-notch professionals.

The veterans tuition remission expanded through 2005 Act 468 (SB 613) and further shaped by the biennium budget bill, 2007 Act 20 (SB 40), created a major unfunded mandate that places a burden on non-veteran students and property taxpayers. This is a function of how technical colleges are funded and of statutory language governing tuition rates for WTCS students.

The data provided on the attached document tells a story of a world-class technical college system that has increasingly been forced to turn to property tax levies and tuition as state investment has stagnated and been cut. Total state aid for institutional support to technical colleges is less today in actual dollars than it was in 2001-02. State aid was cut outright in the 2005-07 and 2007-09 budget bills and has not been increased since 2001-02. Compared with property taxes and tuition, the state's investment has shrunk from more than 33% in the 1980's to less than 15% today, and continues a steady decline. For the first time ever, student tuition funding now exceeds state funding for technical colleges. New funding for projects such as the Workforce Advancement Training Grants passes through the colleges directly to businesses for customized training. This state investment does not provide any new institutional support.

Absent new state investment, increases in property tax levies and tuition have been necessary, together with program reallocation and productivity increases, to accommodate quickly growing enrollment, to provide relevant technology and equipment required by employers today, and to meet unavoidable cost increases for employee compensation and benefits and climbing energy costs, among others. Wisconsin Technical Colleges, as local governments, do not receive state capital building project funding or cost-to-continue funding through the state budget.

While we share your concern with growing property tax levies, we hope that you will join us in recognizing the natural interdependency between core funding sources. As student enrollments increase, the effect of an eroding state investment affects property tax levies and tuition.

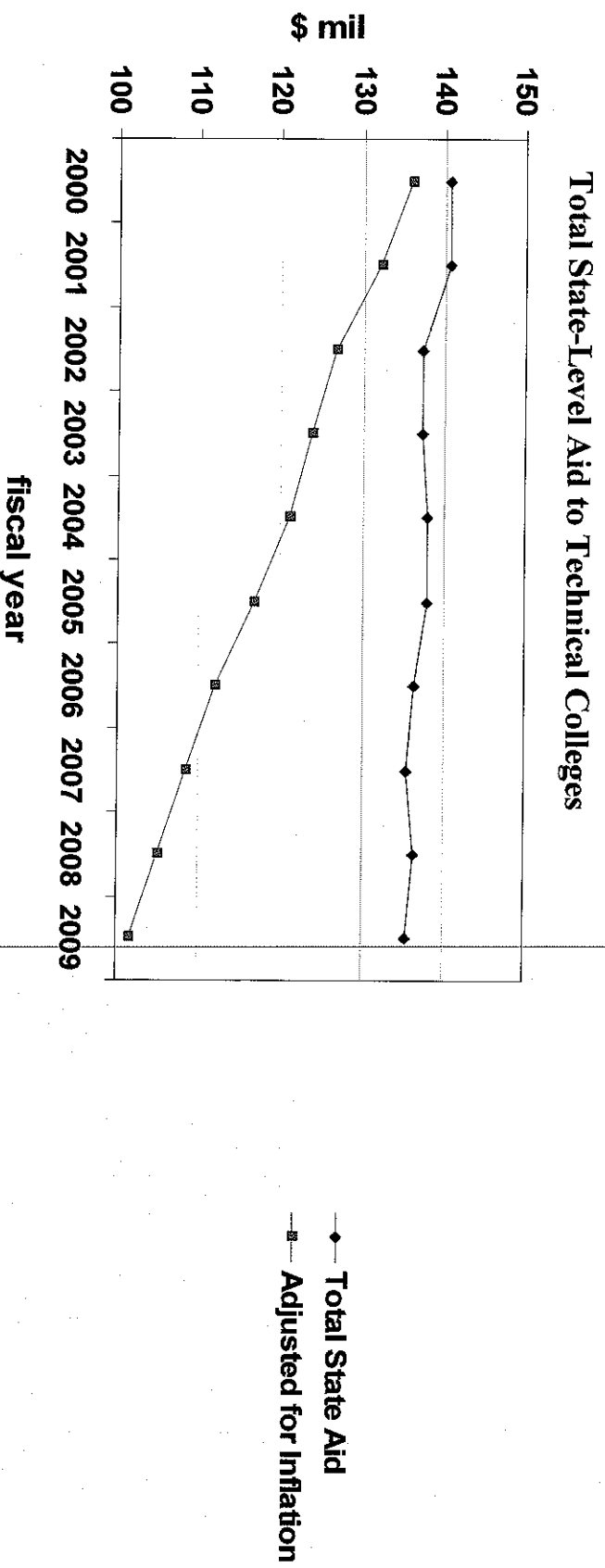
In this environment, the impact of a major tuition remission is magnified for those paying tuition. Wisconsin law requires technical college students cover a minimum share of the cost of instruction. By statute, tuition must be set to recover at least 14% of technical and vocational statewide operational costs and 31% of total liberal arts operational costs. Operational costs are generated by *all students* but must be recovered only from the smaller subset of tuition-paying students. This means that much of the cost of a remission provided to any class of students must be absorbed by students not in that class. The remainder is shifted to property taxes as state aid drops.

We greatly appreciate the Senate's support for Governor Doyle's budget proposal providing \$11.6 million over the biennium to partially cover WTCS and UW remission costs. As you know, the Legislative Fiscal Bureau currently estimates this funding will cover 21 to 23% of the estimated \$52.4 million cost of remitted tuition this biennium. We have not taken a position on various proposals to change eligibility for the remission benefit. We leave this to our state policymakers and are happy to assist with data on how any proposed changes affect access or estimated costs. We do, however, strongly urge that the Legislature fully fund the cost of this mandate in fairness to all Wisconsin taxpayers and all WTCS students.

## State Support of Technical Colleges Continues to Decline

*Total state support for Technical Colleges has fallen in absolute dollar terms since 2001.*

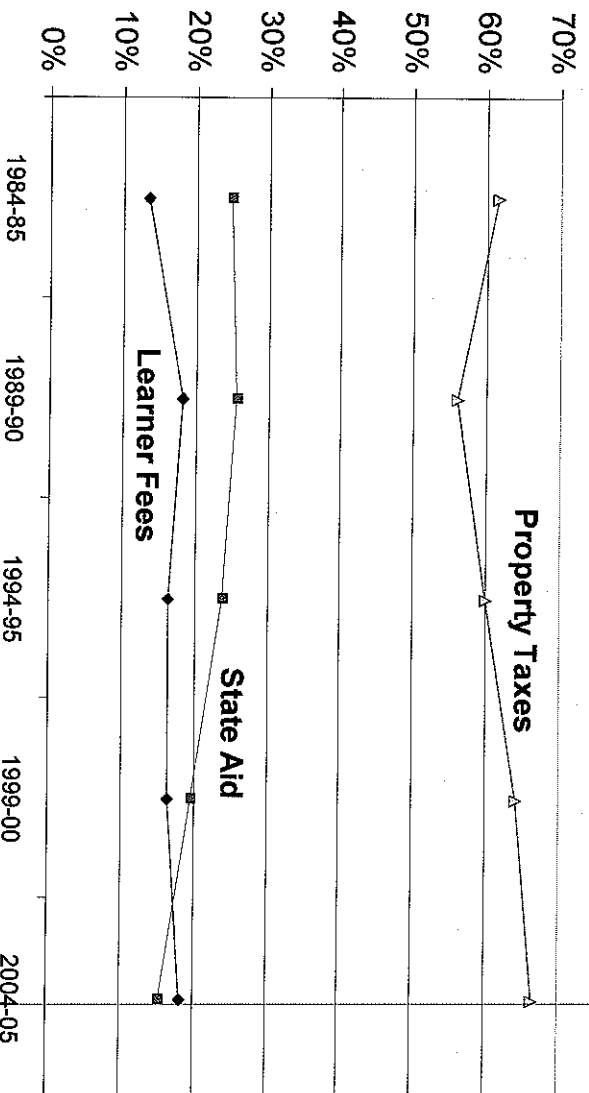
*Even modest inflation significantly erodes stagnant state-level investment in Technical Colleges*





# Change in Major WTCS Funding Sources

*Eroding state investment increases pressure on property taxes and student fees*



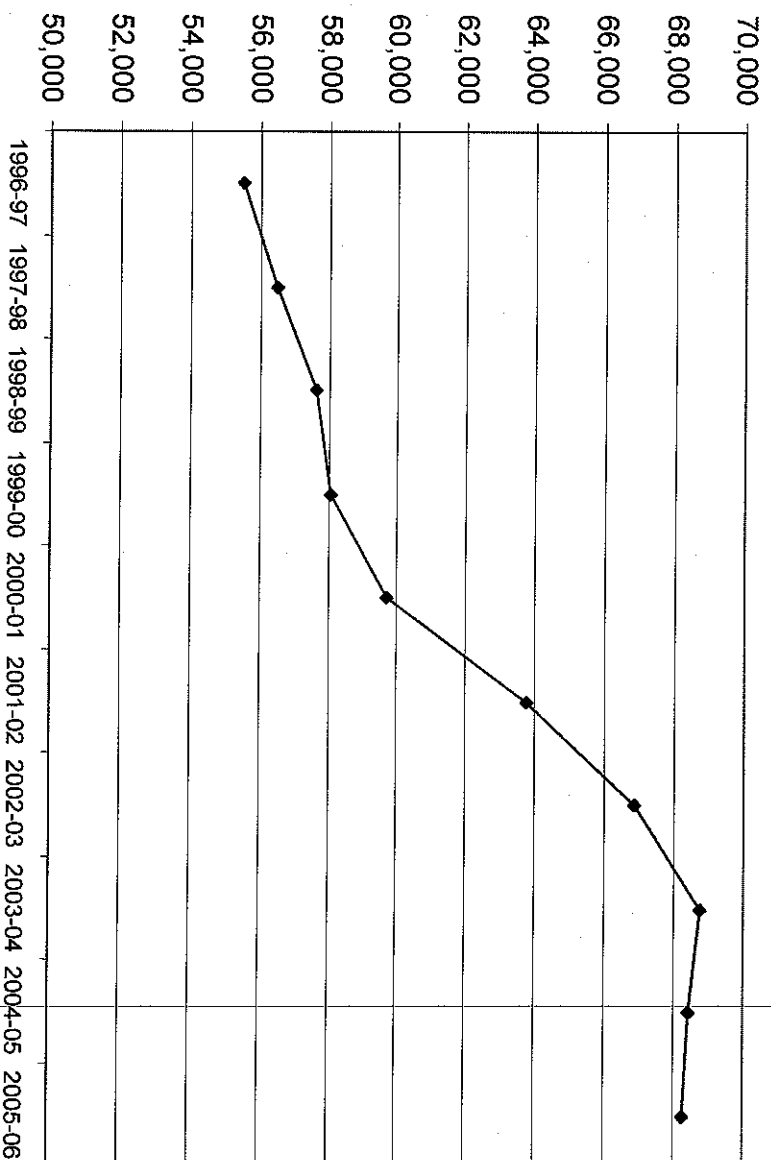
*Among the three major funding sources, state support fell to just 25% in 1985, and a mere 15% in 2005. Absent new state investment, it continues to fall.*

*As the state investment declines, property taxes and student fees continue to climb as a share of funding.*

*For the first time ever, state support has fallen below student fees as a revenue source.*



## Growth in Full-Time Equivalent (FTE) Technical College Enrollments



Because technical college students are more likely to be working adults, it takes a large number of active students to equal 68,000 FTE's.

In 2005, more than 406,000 Wisconsinites enrolled in one or more credit-based courses. This is approximately one of every ten Wisconsin adults enrolling annually and makes the WTCS the State's largest educational system.





Sources:

- p. 3 *Legislative Fiscal Bureau (LFB)* and *U.S. Department of Labor*. "Fiscal Year" is July through June. "State Aid" is general aid plus categorical aid. Aid figures do not include Workforce Advancement Training grants which pass through districts directly to business/industry. CPI is for all urban consumers, Department of Labor, through 11/06. 11/06 to 6/09 estimated at +3.22% annually.
- p. 4 Wisconsin Technical College System (WTCS).
- p. 5 WTCS

This report is prepared by:

Paul Gabriel, Executive Director  
Wisconsin Technical College District Boards Association  
608 266-9430  
pgabriel@districboards.org

The District Boards Association is responsible for this report's content and is pleased to provide additional information or detail.

Updated November, 2007





**Informational Briefing on Veterans Tuition Remission Program**

Senate Agriculture and Higher Education Committee

Senator Kathleen Vinehout, Chair

November 14, 2007

Morna Foy, Executive Assistant  
Wisconsin Technical College System

Senator Vinehout and Members of the Committee:

Thank you for this opportunity to comment on the component of Wisconsin's GI benefit program that provides 100% remission of Wisconsin Technical College System (WTCS) and University of Wisconsin (UWS) tuition for veterans and their dependents. The WTCS has consistently supported providing veterans with tuition remissions in recognition of their sacrifice and service to the state. It is a benefit to all of us when veterans and their families dedicate themselves to acquiring and applying new skills and knowledge to improve Wisconsin's economic health and quality of life. The WTCS is also grateful that the Governor and the Legislature have provided new GPR funds to support a portion of the cost of these remissions. The \$11.6 million GPR included in the 2007-09 state budget for remission reimbursement is a clear recognition of the state's obligation to fund state-authorized benefits.

The WTCS has worked hard, together with the UWS and the Department of Veterans Affairs, to make these programs accessible for veterans and their families. The remission program has been incredibly popular and successful, which is a testament to this collaborative administrative effort, but which has also encouraged the expansion of program eligibility and benefits. As a result, the cost of providing remissions has far exceeded initial expectations and the GPR funding provided in the 2007-09 budget is woefully insufficient. As noted by the Legislative Fiscal Bureau, the current GPR funding is only expected to cover somewhere between 21% and 23% of total remission costs.

The number of veterans and veterans' dependents requesting tuition remissions is significantly higher than previously projected. The number and value of remissions provided doubled in the first two years of the program. Annual remissions increased from \$784,000 to \$1.6 million for a total of \$2.4 million over the first two years. Based on enrollments through the first five months of the 2007-08 academic year, technical colleges have already exceeded program costs from last year, remitting a total of \$1.8 million in tuition and fees to veterans and their dependents. Our most current projection of annual remission costs for this year is approximately \$5 million. If early LFB predictions are correct, technical colleges could receive remission reimbursements this year of approximately \$1 million through the new Higher Educational Aids Board (HEAB) administered program.

Daniel Clancy, President

4622 University Avenue PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207

TTY: 608.267.2483 Fax: 608.266.1690

[www.wtcsystem.edu](http://www.wtcsystem.edu) [www.witechcolleges.com](http://www.witechcolleges.com)

State law establishes minimum cost recovery rates for WTCS tuition. In an effort to reduce the burden on property taxpayers and balance funding among our major revenue sources (property taxpayers, the state and students), the WTCS Board has established tuition at a level that recovers more than the statutory minimums. When a group of students is exempted from paying all or part of their tuition, non-exempt students must pay higher tuition to maintain these overall cost recovery rates.

When the state does not provide GPR funding to fully support tuition remissions for veterans and their dependents, the cost of providing this benefit is borne, not by the public at large, but by non-veteran WTCS students (through tuition and fees) and property taxpayers. Holding enrollments and costs constant, every \$1 million of tuition remissions will increase WTCS per credit tuition by about 0.75%. For a full-time student, that equates to approximately a \$20 increase in their annual tuition. The roughly \$4 million cost of remissions that will not be reimbursed by the state this year will increase tuition costs for non-veteran students by approximately 3.0%.

While this may not seem a particularly burdensome amount to many of us, technical colleges enroll a significant number of low-income students. WTCS students already struggle to overcome the largest gap between their demonstrated financial need and available aid than either UWS or private college students. On their behalf, the WTCS continues to seek GPR funding to fully support tuition remissions for veterans and their dependents.

The future cost of tuition remissions for veterans and their dependents is difficult to estimate because of: 1) changes in program eligibility; 2) the volatility in the number of eligible participants, the average number of credits taken, and tuition rates; and 3) the cumulative effect of continuing participation and new enrollments. As a result, the WTCS continues to advocate for a sum-sufficient GPR appropriation as the most appropriate mechanism for providing adequate state support for this program. As noted in our original remission reimbursement request, the HEAB is experienced in, and accountable for, the administration of similar sum-sufficient appropriations. State funding is provided through sum-sufficient appropriations administered by HEAB for fee reimbursements under the Minnesota-Wisconsin student reciprocity agreement and for tuition grants under the Academic Excellence Scholarship program.

A sum-sufficient GPR appropriation for tuition remission reimbursement would accommodate variance in funding need and ensure that the cost of this important state program is appropriately borne by all those who benefit from the service and contributions of Wisconsin veterans.

Thank you again for this opportunity to comment. I'd be happy to answer any questions.

According to the DOD office of the Actuary in their "Fiscal year 2004 statistical report on the military retirement system":

The average enlisted retirement age in 2004 was 41 with 22 years of service.

The average officer retirement age in 2004 was 45 with 24 years of service.

According to the DOD report of the "First Quadrennial quality of life review":

The average age of an Active Duty member at the birth of his/her first child is 24.4 years.

Using these statistics, the average age of that first child, when the service member retires is going to be approximately 16.5 years old. If we add the 10-year residence requirement to this, the child will be 26.5 years, before he is eligible to use the WI GI Bill, which is past college age for most.

Let me give you an example.

My wife and I are retired US Navy Veterans. I served for 22 years, she for 23. I was born in Connecticut, she in Texas. We met and married in Alaska, all of our children (3) were born in California. I retired in Guam, she retired in Illinois. We now call Wisconsin home. Such is the life of a career Navy family.

By reducing the residency requirements to 5 years, the oldest child of a retiring veteran, with 30% or more disability, can benefit from the Wisconsin GI bill for some of his college and his younger siblings can benefit more.

Please consider reducing the residency requirements to 5 years.

Thank you,

Jim Cocchiola  
E6566 County Road NN  
Viroqua, WI 54665  
608 675-3003

According to the 1990 Census, the average age of the population in 1990 was 32.5 years.

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Using these statistics, the average age of the population in 1990 was 32.5 years. If we add the 10-year residence requirement to this, the child will be 32.5 years old before he is eligible to use the VA GI Bill, which is past college age for most.

Let me give you an example.

If a child is born in 1958, he will be 32 years old in 1990. If he is born in 1959, he will be 31 years old in 1990. If he is born in 1960, he will be 30 years old in 1990. If he is born in 1961, he will be 29 years old in 1990. If he is born in 1962, he will be 28 years old in 1990. If he is born in 1963, he will be 27 years old in 1990. If he is born in 1964, he will be 26 years old in 1990. If he is born in 1965, he will be 25 years old in 1990. If he is born in 1966, he will be 24 years old in 1990. If he is born in 1967, he will be 23 years old in 1990. If he is born in 1968, he will be 22 years old in 1990. If he is born in 1969, he will be 21 years old in 1990. If he is born in 1970, he will be 20 years old in 1990. If he is born in 1971, he will be 19 years old in 1990. If he is born in 1972, he will be 18 years old in 1990. If he is born in 1973, he will be 17 years old in 1990. If he is born in 1974, he will be 16 years old in 1990. If he is born in 1975, he will be 15 years old in 1990. If he is born in 1976, he will be 14 years old in 1990. If he is born in 1977, he will be 13 years old in 1990. If he is born in 1978, he will be 12 years old in 1990. If he is born in 1979, he will be 11 years old in 1990. If he is born in 1980, he will be 10 years old in 1990. If he is born in 1981, he will be 9 years old in 1990. If he is born in 1982, he will be 8 years old in 1990. If he is born in 1983, he will be 7 years old in 1990. If he is born in 1984, he will be 6 years old in 1990. If he is born in 1985, he will be 5 years old in 1990. If he is born in 1986, he will be 4 years old in 1990. If he is born in 1987, he will be 3 years old in 1990. If he is born in 1988, he will be 2 years old in 1990. If he is born in 1989, he will be 1 year old in 1990. If he is born in 1990, he will be 0 years old in 1990.

By the time a child is 32 years old in 1990, he will be 22 years old in 1970. If he is born in 1958, he will be 21 years old in 1970. If he is born in 1959, he will be 20 years old in 1970. If he is born in 1960, he will be 19 years old in 1970. If he is born in 1961, he will be 18 years old in 1970. If he is born in 1962, he will be 17 years old in 1970. If he is born in 1963, he will be 16 years old in 1970. If he is born in 1964, he will be 15 years old in 1970. If he is born in 1965, he will be 14 years old in 1970. If he is born in 1966, he will be 13 years old in 1970. If he is born in 1967, he will be 12 years old in 1970. If he is born in 1968, he will be 11 years old in 1970. If he is born in 1969, he will be 10 years old in 1970. If he is born in 1970, he will be 9 years old in 1970. If he is born in 1971, he will be 8 years old in 1970. If he is born in 1972, he will be 7 years old in 1970. If he is born in 1973, he will be 6 years old in 1970. If he is born in 1974, he will be 5 years old in 1970. If he is born in 1975, he will be 4 years old in 1970. If he is born in 1976, he will be 3 years old in 1970. If he is born in 1977, he will be 2 years old in 1970. If he is born in 1978, he will be 1 year old in 1970. If he is born in 1979, he will be 0 years old in 1970.

These statistics show that the average age of the population in 1990 was 32.5 years.

Thank you.

John G. Gandy  
12345 Gandy Avenue  
12345  
12345  
12345

TESTIMONY SB 100  
NOVEMBER 14, 2007

Thank you Mr. Chair.

I am Chris Jordan, Walworth County Veterans Service Officer. I am testifying today as Legislative Chair of the County Veterans Service Officers Association of Wisconsin.

As an organization of advocates for Wisconsin veterans, it probably isn't surprising to hear me say that I am here to speak in support of this bill.

The Wisconsin GI Bill program has been a tremendous benefit program for our veterans, and the families of some disabled veterans. The recently-passed budget allowed that program to continue as it was originally established two years ago. We are extremely grateful for that.

Current law provides tuition remission only when the veteran was a resident of Wisconsin at the time of entry into active military service. In reality, this means that the program is mainly provided to the person who was raised in this state and returned to this state after leaving military service.

This bill will add eligibility for veterans – and the family members of some – who were not locals, but who chose to move to Wisconsin AFTER military service. To be eligible, they must demonstrate ten years of residency. In some respects, these people have “chosen” to make Wisconsin their home to a greater extent than those who were born and raised here. They have invested in Wisconsin by moving here, and paying taxes here for at least ten years. I think it is a safe assumption that if these individuals obtain additional education via this program, that they are extremely likely to continue to reside here, and contribute even more to our tax base because of their increased education level.

The ten-year residency requirement is certainly <sup>more than enough time</sup> long enough to prevent this program from becoming a magnet for those whose only purpose in moving here is to gain access to access a benefit program. We would all agree that would not be a good thing.

Finally, I must add a caveat to our support of this bill. Our organization feels it should be accompanied by some funding to cushion the loss of tuition revenue for our fine state institutions. We do not want to think that our schools might hesitate to admit yet another veteran under tuition remission. I don't think that they would purposely discriminate. However, it is not logical to think that an additional loss of their revenue, by adding more participants to the Wisconsin GI Bill program, can be easily absorbed. Providing funding is important.

Thank you again for this opportunity to address you this morning.







# State of Wisconsin Higher Educational Aids Board

P.O. Box 7885  
Madison, WI 53707-7885

E-Mail: [HEABmail@heab.state.wi.us](mailto:HEABmail@heab.state.wi.us)

Telephone: (608) 267-2206

Fax: (608) 267-2808

Web Page: <http://heab.state.wi.us>

James E. Doyle  
Governor

Connie L. Hutchison, PhD  
Executive Secretary

November 14, 2007

Senate Committee on Agriculture and Higher Education

HEAB Informational Testimony – Senate Bill 100

HEAB has been given the responsibility for distributing Veterans' Tuition Remission Reimbursement funds to the Wisconsin Technical College System and the University of Wisconsin System.

We are in the process of determining the procedures with WTCS and UWSA for distribution of the funds.

Part of the process will require that WTCS and UWSA submit an accounting of the number of credits consumed and the cost of those credits. The maximum credits available for eligible students are 128. Therefore, HEAB ~~we~~ require that WTCS and UWSA submit individual student data by campus that includes name, social security number, number of credits, cost of credits. Of course, this information will be used solely for administration of the program and all student data will remain confidential.

This is a wonderful program that HEAB is proud to administer. However, it is important to note that HEAB requested GPR of \$24,676,300; a figure that was based on estimates provided by WTCS and UWSA in August, 2006 during the biennial budget preparations. The 2007-2009 appropriation is about \$12 million, which will not cover the projected costs of the program.

We hope that the legislature will consider, at some point, making this a sum sufficient appropriation. Because this program will be administered through HEAB there will be an accounting of the credits, the students, and the actual cost. HEAB currently administers the Academic Excellence Scholarship which has a sum sufficient appropriation. Such an appropriation for the Veterans' Tuition Remission Reimbursement would work the same way. Budget appropriations would be based on projected costs; however funds would be distributed based on actual costs.

HEAB is very proud to be the administering agency of this program. If there are any concerns or suggestions, please do not hesitate to contact me or anyone in my office.

Connie Hutchison  
Executive Secretary

## HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Request		2007-09 Change Over Base Year Doubled		2006-07	Request		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$99,244,900	\$128,977,100	\$133,950,100	\$64,437,400	32.5%	11.86	11.50	11.50	- 0.36	- 3.0%
FED	1,707,900	1,354,500	1,354,500	- 706,800	- 20.7	0.00	0.00	0.00	0.00	0.0
PR	1,192,600	1,192,600	1,192,600	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	\$102,145,400	\$131,524,200	\$136,497,200	\$63,730,600	31.2%	11.86	11.50	11.50	- 0.36	- 3.0%

### Major Request Items

#### 1. STANDARD BUDGET ADJUSTMENTS

Funding Positions		
GPR	- \$40,600	- 2.00

Request adjustments to the base budget of -\$20,300 annually for: (a) removing noncontinuing elements from the base (-\$45,800 and -2.0 project positions annually); (b) full funding of salaries and fringe benefits (\$22,000 annually); and (c) reclassifications (\$3,500 annually).

#### 2. VETERAN'S TUITION REMISSION REIMBURSEMENT

GPR	\$24,676,300
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Request \$11,563,900 in 2007-08 and \$13,112,400 in 2008-09 to reimburse the UW System and Wisconsin Technical College System district boards for tuition and fees remitted to veterans and certain dependents. Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to students who are veterans and who: (a) entered service from Wisconsin; (b) are current residents; and (c) whose service meets certain criterion. In addition, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or 8 semesters, whichever is longer, to a student who is the spouse, the unremarried surviving spouse, or the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty or on inactive duty for training purposes. This benefit is available to the spouse or the unremarried surviving spouse for the first ten years after the veteran received a disability rating or after the death of the veteran. Children are eligible for remission while they are at least 18 but not yet 26 years old and enrolled full-time.